IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH

AT HYDERABAD

(Special Original Jurisdiction)

MONDAY, THE FIFTH DAY OF JULY

TWO THOUSAND AND FOUR

PRESENT

HON'BLE SRI DEVINDER GUPTA, THE CHIEF JUSTICE

and

HON'BLE Ms. JUSTICE G.ROHINI

WRIT PETITION No. 27025 of 1998

Between:

1 M.Narayana Reddy S/o.Late Patel Reddy
R/o.H.No.5-5-80,Khaleelwadi Nizamabad.

2 M.Ram Gopal Reddy S/o.M.Laxma Reddy
R/o.H.No.3-4-847,Barkatpura Hyderabad.

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PETITIONERS

AND

1 The State of A.P
rep. by its Principal Secretary to Govt.,
Industries Department
Secretariat,
Hyderabad – 500 022.

2 The Nizam Sugars Limited,
rep. by its Managing Director,
Shakkar Bhavan,
5-10-174,Fatheh Maidan Road
Hyderabad.

.....RESPONDENTS

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the Affidavit filed herein the High Court

will be pleased to issue an appropriate writ, order or direction more particularly one in the nature of writ of Mandamus declaring that the impugned action of the respondents for the alienation and transfer of Shakkar Bhavan, the registered office of Nizam Sugars Ltd, situated at Fatheh Maidan Road, Hyderabad, to the 1st respondent herein as arbitrary, illegal, and malafide and by setting aside the impugned Government order G.O.Ms.No.258,Dt.28-7-1998 Industries & Commerce (sugar) Dept, as irregular, invalid and void.

For the Petitioner :Mr.V.V.PRABHAKARA RAO, Advocate.

For the Respondents : Govt. Pleader for Industries and Commerce for R-1

Mr. N.Vasudeva Rao for R-2

The Court Made the Following :

ORAL ORDER: (Per Hon'ble the Chief Justice)

None appears for the petitioners. Petitioners are shareholders in the Nizam Sugars Limited, a company incorporated under the Companies Act and also former Directors of Board of Directors of the said company and former Members of Parliament and the first petitioner was the President of Andhra Pradesh Sugarcane Growers Association, Bodhan, have filed this petition questioning the action of the respondent company for alienation and transfer of Shakkar Bhavan, the registered office of Nizam Sugar Factory situated at Fateh Maidan Road, Hyderabad, to the first respondent as illegal, mala fide and consequently set aside G.O.Ms.No.258 Industries and Commerce (Sugar) Department dated 28-07-1998 as irregular, invalid and void.

Respondents contested the petition. Separate affidavits were filed by respondents 1 and 2. As per the affidavit of respondent No.1, the fair market value of the head office building was assessed by the registered and approved valuer and the transaction was between the State Government and the respondent company which is a Government company in which about 98% share capital was held by the State

Government. Notice was issued under Section 173 of the Companies Act, 1956 disclosing full facts under Item No.5 and ultimately shareholders of the company at its 60th Annual General meeting held on 26-09-1998 passed a resolution according their consent for sale of the property under Section 293(1)(a) of the Companies Act. Similar is the stand taken by respondent No.2 in its affidavit. After the two affidavits were brought on record, there was no representation on behalf of the petitioners and it appears that the petitioners' grievances are no more in existence and moreover in such like matters, when there is alienation by the Government company in favour of the Government of all the assets of the company on the basis of report of the valuer, there cannot be interference by this Court on the judicial side in exercise of its writ jurisdiction inasmuch as none of the action of respondents on the face of it will be shown to be arbitrary or illegal. The entire transaction appears to be transparent in nature without casting any doubt on the bona fides.

The writ petition is therefore dismissed. No costs.

DEVINDER GUPTA, C.J.

05-07-2004

G.ROHINI, J

bsc

To

1 The State of A.P
rep. by its Principal Secretary to Govt.,
Industries Department
Secretariat,

Hyderabad – 500 022.

2 The Nizam Sugars Limited,
rep. by its Managing Director,
Shakkar Bhavan,
5-10-174, Fatheh Maidan Road
Hyderabad.

3. 2 CCs to Govt. Pleader for Industries, High Court Buildings,
Hyderabad (OUT).

4. 2 C.D. copies